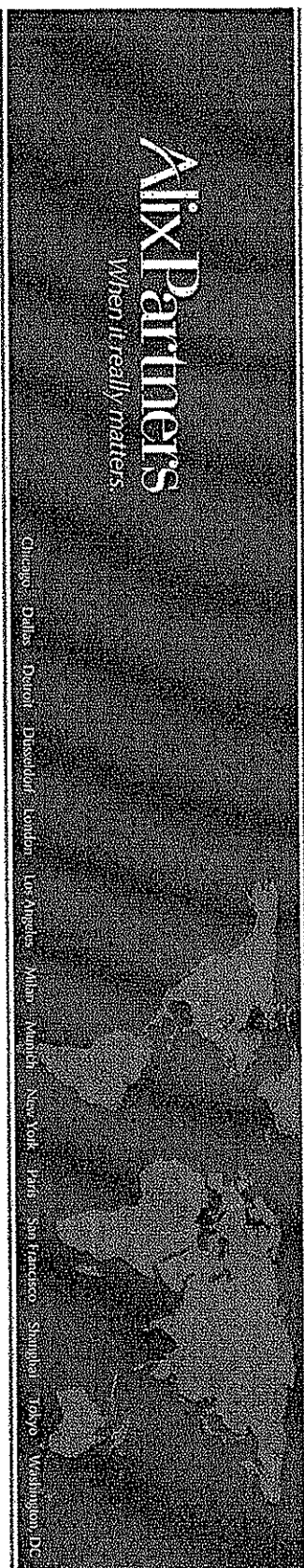


- Enterprise Improvement 
- Corporate Turnaround and Restructuring 
- Financial Advisory Services 
- Information Management Services 



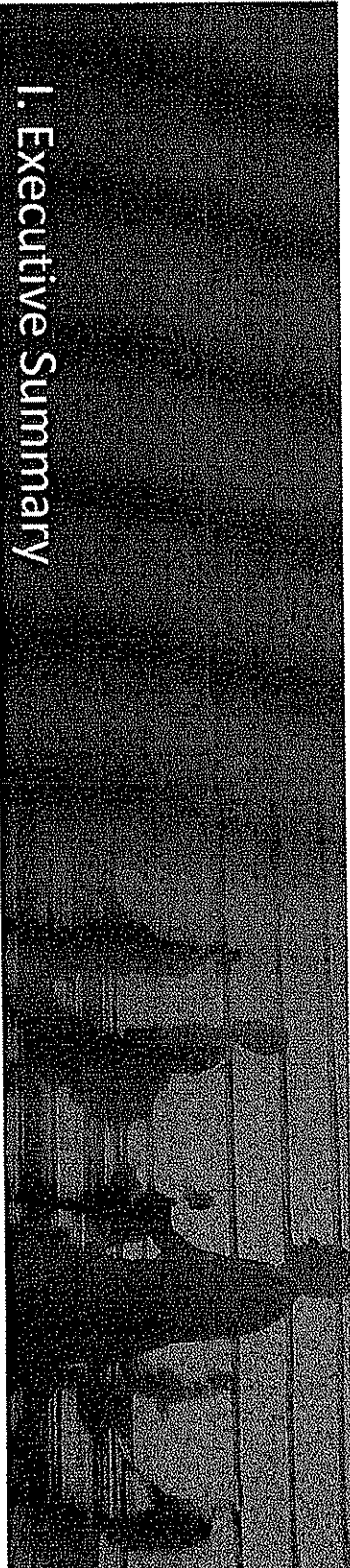
Project Hermitage Alternative Proposal

April 2013



Contents

- I. Executive Summary
- II. Overview of Alternative Proposal



I. Executive Summary

Executive Summary

Recap of discussions to date

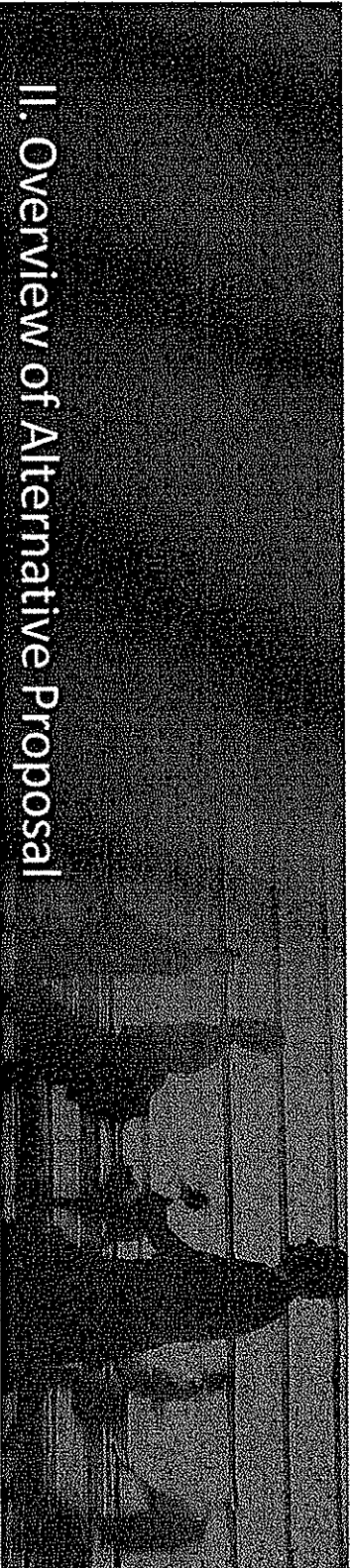
- ▶ Bank objections to the November Plan have mainly centered around cross subsidization between stakeholders, the allocation of equity, and de-risking via asset disposals
- ▶ Bareboat owners have not accepted the 35% reduction in payments requested under the November Plan

Objectives and constraints for Geden

- ▶ Management continues to assess asset disposals in light of the overall strategy for the fleet. Under present circumstances, management is not supportive of further asset sales
- ▶ Equity of \$50m is available to facilitate the restructuring; \$10m was contributed in December 2012
- ▶ The current cash position is very tight and will worsen in Q2-Q3 as a result of new deliveries and yard payments, limiting the Company's ability to address aggressive action from stakeholders

Alternative Proposal

- ▶ An alternative proposal is based on a restructuring of obligations reflecting individual vessel/facility earnings
- ▶ After securing a minimum operational cash level, new equity would be allocated directly and equitably into the individual vessels
- ▶ We contemplate several structures from which bareboat owners could self-select an alternative best suited to their individual objectives



II. Overview of Alternative Proposal

Overview of Alternative Proposal

Banks

Bank Breakeven and Deferrals under Alternative Proposal (\$m)

Bank	Revenue - 2013 fct	Opex ²	Net Earnings - 2013 fct	Equity Subsidy	Interest	Available for Rpmnts	Current contractual deferral for Rpmnts	Required deferral for 2013
Lloyds	32.1	(7.8)	24.4	0.8	3.7	21.4	9.7	0%
Natixis	11.8	(4.3)	7.7	0.5	0.7	7.4	6.8	0%
CCB	25.0	(4.5)	20.6	0.5	2.0	19.0	18.9	0%
Subtotal	68.9	(16.5)	52.7	1.9	6.5	47.9	35.3	0%
CDB	10.4	(4.5)	6.0	0.5	3.3	3.2	4.1	22%
HSN	14.5	(7.4)	7.2	0.8	1.9	6.0	8.1	26%
DVB NLB	22.2	(12.2)	10.2	1.4	4.6	6.7	10.1	34%
DVB NLB San	13.2	(7.2)	6.1	0.8	2.6	4.2	5.4	23%
NLB	9.3	(5.2)	4.2	0.5	1.0	3.6	5.2	30%
DVB	7.2	(5.0)	2.3	0.8	0.9	2.2	3.1	30%
Commerzbank	4.7	(2.6)	2.2	0.3	0.8	1.6	3.1	46%
Unicredit	14.0	(7.8)	6.3	0.8	3.3	3.7	7.0	47%
Dekabank	10.5	(6.1)	4.5	0.8	1.9	3.2	12.0	73%
NSF	7.3	(4.1)	3.2	0.5	4.5	3.7	0.0	17% ³
Credit Europe	5.1	(2.6)	2.6	0.3	3.0	2.8	0.0	6% ⁴
Subtotal	118.4	(64.7)	54.6	7.7	20.4	41.0	65.6	37% ⁵

- The remaining \$30m would be allocated equally between 551 vessels, as an ongoing subsidy to prevailing market rates equal to approximately \$750/ship/day
- Based on the Company's rate forecast, the structure would result in the adjacent deferrals (in \$m) for Senior lenders over the next 2 years

⁽¹⁾ Including deliveries in 2013 and adjusted for sale of Baytur
⁽²⁾ Includes \$100/day reserve toward drydocking costs of which there are \$2.6m forecast for 2013 and \$4.5m forecast for 2014 across active fleet
⁽³⁾ Percentage of NSF interest needs to be P1K
⁽⁴⁾ Percentage of Credit Europe interest needs to be P1K (2 year grace period already applies)
⁽⁵⁾ Includes NSF and Credit Europe P1K in deferral subtotal
⁽⁶⁾ G8 Global debt/equity swap under negotiation

Overview of Alternative Proposal

Bareboats

Bareboat owners would be able to self-select around 3 options:

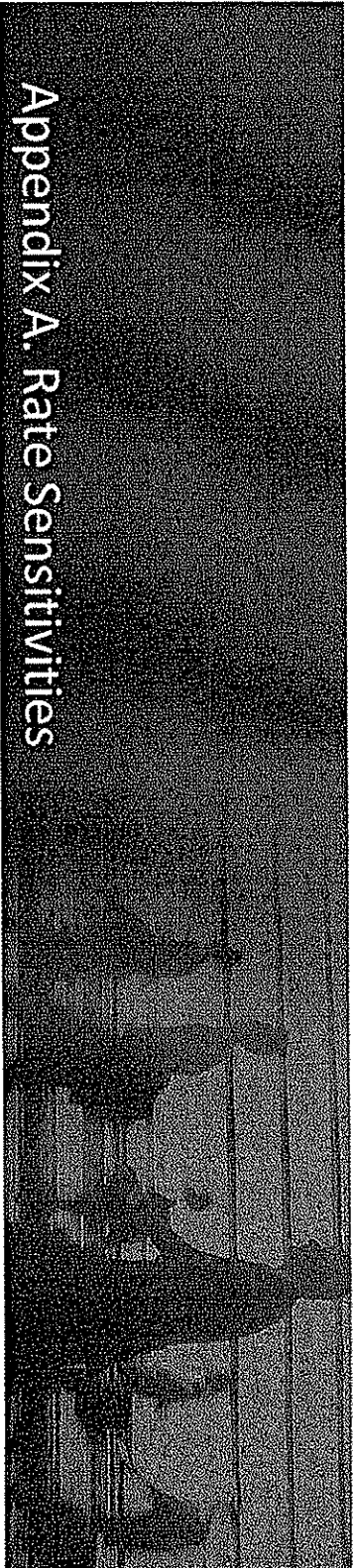
Option	Description	Years 1 and 2 (through June 2015)	Remaining term	Purchase obligation
A	2 year reduction with purchase option/ obligation increase	Subsidy of \$750/day/vessel	100% of contracted	Increase in purchase options by 60% of foregone payments in years 1 and 2
B	2 year reduction with share of upside	Subsidy of \$750/day/vessel	100% of contracted plus 70% share of net earnings above this	No change
C	Redelivery of vessels	N/A	N/A	Redelivery including a goodwill payment of \$1m/vessel

Overview of Alternative Proposal Bareboats

Projected vessel bareboat rates under the baseline including the \$750 premium are :

Vessel	Bareboat owner	Revenue 2013	Revenue 2014	Less Opex	Revised rate 2013	Revised rate 2014	Contracted rate	Reduction 2013	Reduction 2014
Aqua	FSL	14,750	14,750	(7,100)	7,650	7,650	16,309	53%	53%
Action	FSL	14,750	14,750	(7,100)	7,650	7,650	16,309	53%	53%
Spike	Stealth	14,750	14,750	(7,100)	7,650	7,650	12,900	41%	41%
Avor	Stealth	14,750	14,750	(7,100)	7,650	7,650	12,900	41%	41%
Center	Icon	15,750	15,750	(7,100)	8,650	8,650	20,000	57%	57%
Enjoy	Octavian	14,250	14,250	(6,600)	7,650	7,650	13,000	41%	41%
Marka	Octavian	14,250	14,250	(6,600)	7,650	7,650	13,000	41%	41%
Fantastic	Icon	10,750	11,750	(5,600)	5,150	6,150	13,500	62%	54%
Amazing	Icon	10,750	11,750	(5,600)	5,150	6,150	13,500	62%	54%
CV Stealth	Stealth	14,750	14,750	(8,100)	6,650	6,650	10,750	38%	38%
CS Stealth	Stealth	14,750	14,750	(8,100)	6,650	6,650	10,750	38%	38%

⁽¹⁾ Revenue includes projected market rate plus \$750/day subsidy from new equity
⁽²⁾ Operational expenditure (Opex) includes a drydocking reserve of \$100/vessel



Appendix A. Rate Sensitivities

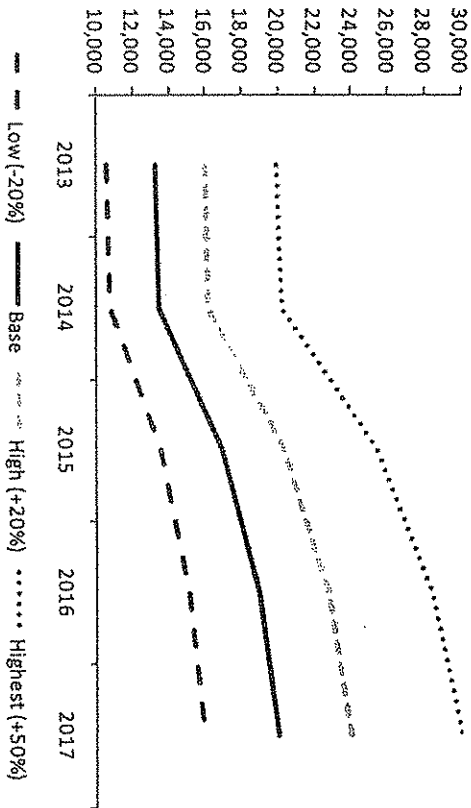
Projected Day Rate Growth

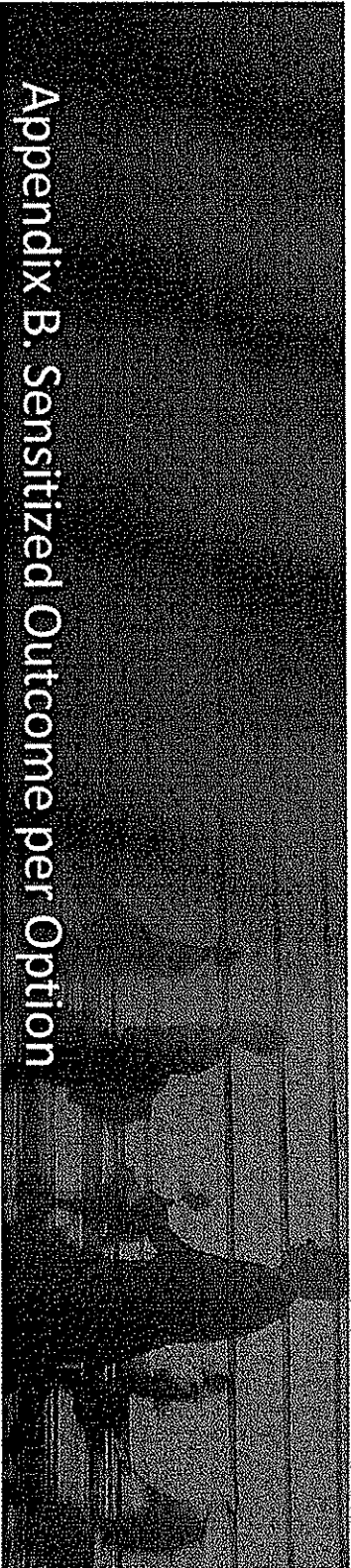
Rates Scenarios

- ▶ We have prepared an analysis of the various options using the Company's market projections under the Business Plan ("Baseline") as well as under various sensitivities

Rates under Company Business Plan ("Baseline")						
\$/day	Vessels (BB owner)	2013	2014	2015	2016	2017
Aframax	Spike/Avor/CS/CS Stealth	14,000	14,000	17,500	19,000	21,000
Tanker	(Stealth), Avor/Action (FSI)					
Suezmax	Center (Icon)	15,000	15,000	22,000	24,000	24,000
Tanker						
Paramax	Enjoy/Marke (Octavian)	13,500	13,500	14,500	17,500	17,500
Tanker						
Handymax	Fantastic/Amazing (Icon)	10,000	11,000	15,000	17,500	17,500
Bulker						
Weighted Average		13,273	13,455	16,909	18,909	20,000
Sensitivities on Company Business Plan						
						CAGR (12-17)
						8%
						8%
						5%
						17%
						9%

- ▶ Low and High cases set at -20% and +20% on the above figures respectively.
- ▶ Highest reflects a 50% increase on the Baseline





ICON

Present value of each option under different rate scenarios

▶ The following present values compare to \$78.5m as per the latest vessel valuations:

Present Value per Option and Rate Sensitivity					
Option	Description	Low	Baseline	High	Highest
A	2 year \$750/day/vessel subsidy, then revert to 100% contracted with premium added to purchase obligation price (50% of reduction)	109.4	114.7	120.0	127.9
B	2 year \$750/day/vessel subsidy, then revert to 100% contracted plus 70% share of excess net earnings. No change to purchase obligation price.	103.1	111.4	120.3	133.7
C	Redelivery of vessel with \$1m payment	69.3	98.1	127.0	170.2

(a) Present value in \$million of future cashflow (through life of agreement) discounted at 10%.

(b) Baseline refers to the Gordon rate projections used in the business plan and cashflow forecasting. 'Low', 'High' and 'Highest' adjust this by -20%, +20% and +50% respectively.

(c) The highlighted red dotted boxes are demonstrated as worked examples in the next section

(d) Assumes sale of vessel at market value at time of option (Revenue - Opex) x 6; maturity dates May 16, Sept 17, Sept 17 when vessels are 5, 7 and 7 years old respectively

Octavian

Present value of each option under different rate scenarios

The following present values compare to \$64.8m as per the latest vessel valuations:

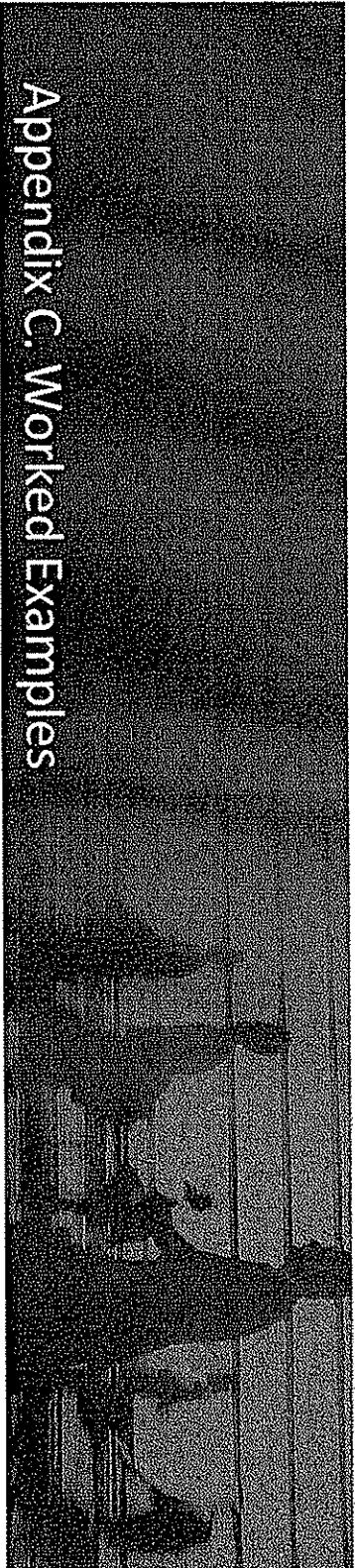
Present Value per Option and Rate Sensitivity					
Option	Description	Low	Baseline	High	Highest
A	2 year \$750/day/vessel subsidy, then revert to 100% contracted with premium added to purchase obligation price (60% of reduction)	68.1	71.8	75.4	80.9
B	2 year \$750/day/vessel subsidy, then revert to 100% contracted plus 70% share of excess net earnings. No change to purchase obligation price	66.5	71.5	76.7	84.6
C	Redelivery of vessel with \$1m payment	35.5	52.4	69.3	94.7

⁽¹⁾ Present value in \$million of future cashflow discounted at 10%.

⁽²⁾ Baseline refers to the Gerdien rate projections used in the business plan and cashflow forecasting. 'Low', 'High' and 'Highest' adjust this by -20%, +20% and +50% respectively.

⁽³⁾ The highlighted red dotted boxes are demonstrated as worked examples in the next section

⁽⁴⁾ Assumes sale of vessel at market value at time of option (Revenue - Opex) x 6; maturity dates Mar 16, Mar 17 when vessels are 5 years old



Worked Example 1

Option A detail under low (-20%) case rates

Example 1 Day Rate Projection:						
	2013	2014	2015	2016	2017	
Low (-20%)	10,618	10,764	13,527	15,127	16,000	

Vessel	Bareboat owner	Present Value ¹	Total	2013	2014	2015	2016	2017
Aqua	FSL	16.4	21.5	0.9	1.8	4.4	6.0	8.5
Action	FSL	16.4	21.5	0.9	1.8	4.4	6.0	8.5
Spike	Stealth	4.5	5.1	0.9	1.8	2.5	0.0	0.0
Avor	Stealth	47.1	56.6	0.9	1.8	54.0	0.0	0.0
Center	Icon 1	54.3	71.0	1.0	2.1	5.7	62.2	0.0
Enjoy	Octavian 1	33.8	44.0	0.9	1.8	3.4	37.8	0.0
Marka	Octavian 2	34.3	48.0	0.9	1.8	3.4	4.8	37.1
Fantastic	Icon 2	27.5	38.3	0.6	1.4	3.8	4.9	27.5
Amazing	Icon 2	27.5	38.3	0.6	1.4	3.8	4.9	27.5

¹² Present value in \$million of future cashflow discounted at 10%

¹³ Cashflows shown based on low (-20% rate scenario) combined with Option A

Worked Example 2

Option B detail under high (+20%) case rates

Example 2 Day Rate Projection:		2013	2014	2015	2016	2017
High (+20%)		15,927	16,145	20,291	22,691	24,900

Vessel	Bareboat owner	Present Value ¹	Total	2013	2014	2015	2016	2017
Aqua	FSL	21.9	27.9	1.9	3.8	6.3	7.6	8.2
Action	FSL	21.9	27.9	1.9	3.8	6.3	7.6	8.2
Spike	Stealth	7.6	8.4	1.9	3.8	2.7	0.0	0.0
Avor	Stealth	50.1	59.9	1.9	3.8	54.2	0.0	0.0
Center	Icon 1	57.2	73.7	2.1	4.3	8.1	59.2	0.0
Enjoy	Octavian 1	37.3	47.7	1.9	3.8	5.0	37.0	0.0
Marka	Octavian 2	39.4	53.8	1.9	3.8	5.0	6.8	36.3
Fantastic	Icon 2	31.5	42.7	1.3	3.0	5.4	6.9	26.1
Amazing	Icon 2	31.5	42.7	1.3	3.0	5.4	6.9	26.1

¹ Present value in \$million of future cashflow discounted at 10%

² Cashflows shown based on High (+20% rate scenario) combined with Option B

Worked Example 3

Highest (+50%) Case Rates

Example 3 Day Rate Projection:						
	2013	2014	2015	2016	2017	
Highest (+50%)	19,909	20,182	25,364	28,364	30,000	

Vessel	Bareboat owner	Present Value ¹	Total	2013	2014	2015	2016	2017
Aqua	FSL	62.4	85.8	3.6	5.1	7.0	7.8	62.3
Action	FSL	62.4	85.8	3.6	5.1	7.0	7.8	62.3
Spike	Stealth	45.7	54.0	3.6	5.1	45.4	0.0	0.0
Avor	Stealth	45.7	54.0	3.6	5.1	45.4	0.0	0.0
Center	Icon 1	67.4	86.3	3.8	5.6	9.5	67.4	0.0
Enjoy	Octavian 1	46.1	58.6	3.5	5.0	5.5	44.6	0.0
Marka	Octavian 2	48.5	65.9	3.5	5.0	5.5	7.2	44.7
Fantastic	Icon 2	51.4	70.7	2.7	4.0	6.2	7.6	50.2
Amazing	Icon 2	51.4	70.7	2.7	4.0	6.2	7.6	50.2

¹⁾ Present value in \$million of future cashflow discounted at 10%.

²⁾ Cashflows shown based on Highest (+50% rate scenario) combined with Option C

Global Locations

AlixPartners is ready to field a team of relevant experts whenever and wherever they are needed. Our professionals work from 15 global offices in more than a dozen different countries. They speak more than 50 languages, and have experience in every corner of the world. Call us, we'll be there when it really matters.

Chicago 300 N. LaSalle Street Suite 1500 Chicago, IL 60654 312.346.2500	Dallas 2101 Cedar Springs Road Suite 1100 Dallas, TX 75201 214.647.7500	Detroit 2000 Town Center Suite 2400 Southfield, MI 48075 248.358.4420	Dubai Gate Village 10, Level 03 P.O. Box 125115 Dubai Intl Financial Centre Dubai, United Arab Emirates +971.4.401.9246	Düsseldorf Königsallee 59 a 40215 Düsseldorf Germany +49.211.97.55.1000	London 20 North Audley Street London W1K 6WE United Kingdom +44.20.7098.7400	Los Angeles 515 S. Flower Street Suite 3050 Los Angeles, CA 90071 213.437.7100	Milan Corso Matteotti 9 20121 Milan Italy +39.02.360.12000
Munich Mauerkirchstr. 1 a 81679 München Germany +49.89.20.30.40.00	New York 40 West 57th Street New York, NY 10019 212.490.2500	Paris 49/51 Avenue George V 75008 Paris France +33.1.76.74.72.00	San Francisco 4 Embarcadero Center 31st Floor, Suite 3110 San Francisco, CA 94111 415.848.0283	Shanghai Suite 611 Plaza 66 Building I 1266 Nan Jing West Road Shanghai, 200040 China +8621.6171.7555	Tokyo Marunouchi Building 33F 2-4-1 Marunouchi Chiyoda-ku Tokyo 100-6333 Japan +81.3.5583.4800	Washington, DC 1602 L Street, NW Suite 300 Washington, DC 20036 202.756.9000	